

**GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA**

UNSTARRED QUESTION NO:2203

ANSWERED ON:29.11.2016

Direct Transfer of Fertilizer Subsidy

Khadse Smt. Raksha Nikhil;Kher Smt. Kirron;Shewale Shri Rahul Ramesh;Shinde Dr. Shrikant Eknath;Vanaroja Smt. R.

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government is considering direct transfer of fertilizer subsidy to farmers and a comprehensive reform package in the fertilizer subsidy to address the problems leakages and skewed mix of fertilizer use as well as diversion and smuggling of urea;

(b) if so, the details thereof;

(c) whether the Government has made any assessment regarding the savings if the Government comes out with Direct benefit Transfer(DBT) to provide fertilizer subsidy directly to all the farmers in the country.

(d) if so, the details thereof;

(e) whether it is true that the Government is facing a challenge for the implementation of DBT as 50 per cent of the farmers are not land owner; and

(f) if so, the details thereof and the plan prepared for solving this issues and implementation of DBT in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS,
SHIPPING, ROAD TRANSPORT & HIGHWAYS

(SHRI MANSUKH L. MANDAVIYA)

(a) & (b): Yes, Madam. The Government has decided to introduce Direct Benefit Transfer (DBT) system for fertilizer subsidy payments. Under the proposed system, 100% subsidy on various fertilizer grades shall be released to the manufacturers and importers on the basis of actual sales made by the retailer to the beneficiaries. Initially, the modified subsidy procedure under DBT system will be introduced on pilot basis in 16 select districts and after its due stabilization, the new payment system would be rolled out in all states in the second phase. The proposed DBT will address the issues relating to diversion and smuggling of urea.

(c) & (d): The DBT being implemented in fertilizer subsidy payment is slightly different from the normal DBT being implemented in LPG subsidy. Under the DBT in fertilizer sector, the subsidy will be released to the fertilizer companies instead of the beneficiaries, after the sale is made by the retailers to the beneficiaries on submission of claims generated in the web-based online Integrated Fertilizer Monitoring System (iFMS) by fertilizer companies. After implementation of DBT, it is expected that diversion/smuggling of fertilizers will be reduced to a large extent and the Government will save subsidy to the that extent. However, no assessment has been made to calculate the savings.

(e) & (f): The proposed DBT for release of fertilizer subsidy to fertilizer companies has no direct relation with landholding of the farmers. The fertilizers will be available to all on 'no denial' basis.
